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The Treasury Note

A monthly newsletter of California municipal finance.
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Recent Bond Sales

If you are interested in purchasing any of the bonds mentioned below, please contact your broker.

California Federal Highway Grant Anticipation Bonds Series 2004A

The State of California sold the \$615 million inaugural issue of its Federal Highway Grant Anticipation Bonds (GARVEE bonds), on February 25.

The 11-year bonds sold with a true interest cost of approximately 3.03 percent. A significant portion of the reimbursements California receives from the Federal Highway Administration is dedicated for repayment of the California GARVEE Bonds. The California GARVEE program is the first in the nation to achieve AA-category ratings (based solely on the pledge of federal transportation funds) from all three rating agencies: Moody's Investors Service (Aa3), Standard & Poor's (AA-), and Fitch Ratings (AA-).

The California GARVEE Bond program was legislatively enacted in 1999 and subsequently expanded. The California Transportation Commission (CTC) and the California Department of Transportation (Caltrans) play key roles: the CTC establishes policies and selects projects for GARVEE financing and Caltrans contracts with the federal government for the reimbursements that repay the bonds, as well as oversee project implementation.

The Series 2004A State of California GARVEE Bonds include the following projects (amounts

shown represent approximate proceeds from the bonds allocated to each project): San Diego – Interstate 15 Managed Lanes (\$197 million); Riverside – State Route 60/State Route 91/Interstate 215 Interchange (\$240 million); Santa Clara – Interstate 880/Coleman Avenue Interchange (\$66 million); Santa Clara – State Route 87 (North) (\$35.8 million); Los Angeles – Interstate 5 HOV Lanes (\$23.8 million); Los Angeles – Interstate 405 Auxiliary Lane (\$28.4 million); and Los Angeles – Interstate 405/Highway 101 Gap Closure (\$25.4 million).

Citigroup Global Markets, Inc. served as senior manager with Loop Capital Markets, LLC serving as co-senior manager.

California Infrastructure and Economic Development Bank: Infrastructure State Revolving Fund Revenue Bonds Series 2004

The California Infrastructure and Economic Development Bank (I-Bank) sold \$51.4 million in Series 2004 revenue bonds for the Infrastructure State Revolving Fund (SRF) Program. The SRF program provides low-cost loans to local governments for infrastructure projects. The repayment of the loans secure the bonds.

The SRF bonds sold at a true interest cost of 4.21 percent with AA-category ratings from the three major rating agencies, Moody's Investors Service (Aa2), Standards & Poor's (AA), and Fitch Ratings (AA). JP Morgan served as the senior manager with Stone & Youngberg LLC and UBS Financial Services Inc. serving as co-senior managers.

Continued on the next page.

Recent Bond Sales continued

Department of Water Resources: Central Valley Project Water System Revenue Bonds Series AB

The Department of Water Resources (DWR) sold \$189,625,000 in variable rate bonds on March 16 to refund a portion of its outstanding Water System Revenue Bonds and Water Revenue Commercial Paper Notes, Series 1.

The Series AB bond received ratings of Aa2 from Moodys Investors Service and AA from Standard & Poor's. UBS Financial Services Inc. served as senior manager with Goldman, Sachs & Co. serving as co-senior manager.

Redemptions & Defeasances

Please visit our website at www.treasurer.ca.gov/Bonds/redemptions/redemptions.asp or contact *Bondholder Services* at (800) 900-3873 for up to date redemption and defeasance information.

Information & Assistance

To receive *The Treasury Note* newsletter monthly or for bond related questions contact Investor Relations at (800) 900-3873.

Bond Sales Calendar¹

If you are interested in purchasing any of the bonds listed below, please contact your broker two weeks before the sale date. For up to date information, check our website (www.treasurer.ca.gov) or contact *Investor Relations* at (800) 900-3873.

Proposed Bond Sale	PAR Amount	Sale Date
Public Works Board: Department of Mental Health and California Community Colleges	\$420 million	April 6, 2004
General Obligation Bonds	\$1.75 billion	April 22, 2004
Regents of the University of California: UCLA Medical Center Series 2004	\$263 million	April 28, 2004
California Infrastructure & Economic Development Bank (I-Bank): California Insurance Guaranty Association (CIGA)	\$700 million	April 28, 2004
Economic Recovery Bonds	To be determined	Spring 2004
Public Works Board: UC Regents Various Projects	\$585-755 million	Fall 2004

¹Subject to change; the ultimate amounts and sale dates can be affected by legal, market, and other factors.

March 2004 Ballot

The following are the results of the statewide propositions related to state bonds that appeared on the March ballot.

YES ☒ **Proposition 55 – Kindergarten-University Public Education Facilities Bond Act of 2004**

This measure authorizes the State to issue \$12.3 billion of general obligation bonds for construction and renovation of public K-12 school facilities (\$10 billion) and higher education facilities (\$2.3 billion).

YES ☒ **Proposition 57 – The Economic Recovery Bond Act**

This measure authorizes the State to issue bonds of up to \$15 billion to finance the accumulated state budget deficit.

YES ☒ **Proposition 58 – The California Balanced Budget Act**

This proposition amends the Constitution, making changes related to (1) the enactment and maintenance of a balanced state budget; (2) the establishment of specific reserve requirements; and (3) a restriction on future deficit-related borrowing.

Additional information regarding these bonds may be found at the Secretary of State's website, www.ss.ca.gov.